
**ADVANCING AMERICAN INTERESTS
AND THE U.S.-RUSSIAN RELATIONSHIP**

INTERIM REPORT

THE COMMISSION ON AMERICA'S NATIONAL INTERESTS AND RUSSIA

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The Commission on America's National Interests and Russia is an outgrowth of the Commission on America's National Interests, a group of Americans convinced that U.S. global leadership is essential in the 21st century and concerned that this leadership could suffer in the absence of clear priorities. The previous Commission's Reports in 1996 and 2000 sought to focus thinking on defining American national interests in the world. The current Commission addresses the specific issue of American national interests and Russia.

The Final Report of this new Commission will be issued next spring in an effort to inform debate during U.S. presidential and congressional campaigns. In light of the recent U.S.–Russian conflict over Iraq, the Commission has issued an Interim Report addressing more immediate challenges in the U.S.–Russian relationship. The Commission is supported by Harvard's Belfer Center for Science and International Affairs and The Nixon Center.

This Report reflects the general policy thrust and judgments reached by the Commission, although not all members of the Commission necessarily subscribe to every finding and recommendation in the Report.

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EXECUTIVE SUMMARY

The public reconciliation of Presidents Bush and Putin in St. Petersburg and at the G-8 Summit in Evian has fostered the impression that all is well in the U.S.-Russian relationship. This is a dangerous misimpression. The U.S.-Russian dispute over Iraq exposed conflicts in the U.S.-Russian relationship and even cracks in its foundation that must be addressed to advance vital American interests.

The tragic attacks on the World Trade Center and the Pentagon rapidly crystallized American thinking about the interrelated threats of terrorism and proliferation. Containing these threats has become the principal aim of U.S. foreign policy. Today's Russia can play a major role in advancing this aim—or in undermining it.

The combination of Russia's size and strategic location; its relationships with, intelligence about and access to key countries; its arsenal of nuclear and other weapons and technologies; its enormous energy resources; and its ability to facilitate or block action by the United Nations Security Council places Moscow among America's most important potential partners. Fortunately, the interests America and Russia share greatly outweigh the interests that divide us. Nevertheless, even before the dispute over Iraq, lingering resentment on both sides was undermining the relationship. Russian opposition to one of the most significant American foreign policy initiatives of the last decade raised further questions and must be correctly understood not simply to avoid further problems, but also to get the most out of the U.S.-Russian relationship.

Many Russians now believe that Moscow's opposition to U.S. policy toward Iraq was a strategic blunder. It also reflects shortcomings in America's approach, however, including the delay in deepening the U.S.-Russian relationship, the concomitant absence of equities that would have encouraged Moscow to accommodate U.S. preferences, and the undisciplined pursuit of contradictory policies.

Moving forward requires that Russian officials understand that the United States has been making a special effort to develop bilateral relations and that obstructionist conduct on key U.S. priorities is not cost-free. It also requires a review of the U.S.-Russian relationship and the development of more reliable means to advance American interests within it and through it.

First, as the Iraq experience demonstrates, changes in the format and style of communications with Russia are necessary. Better communication is not a panacea. Communication with Russia is complicated by Russian unrealistic expectations of symmetry that have not yet fully accommodated very real asymmetries in the bilateral relationship. Nevertheless, extra attention to Moscow—through earlier and more frequent consultations, including private dialogues, and by easing Russian travel to the U.S.—is appropriate in view of Russia's crucial geopolitical role.

Second, the Bush Administration must take a series of steps to improve counter-terrorism cooperation. These include promoting intelligence sharing, developing joint threat assessments and counter-terrorism strategies and plans, working with Russia and other states in Central Asia to secure borders, and clarifying U.S. interests and objectives on Russia's periphery. Practical cooperation in countering terrorism is complicated by resentments and suspicions in bureaucracies on both sides, as well as justifiable reluctance to share sensitive information. But the contribution such cooperation could make to American security is considerable.

Third, the U.S. and Russia should take the lead in creating an Alliance against Nuclear Terrorism. This new Alliance should address North Korea, Iran and other nuclear aspirants; the dangers of "loose nukes"; and the non-proliferation regime. Specific elements should include joint threat assessments and coordinated strategies, including agreement that if non-proliferation measures are successful and if North Korea and Iran comply, regime change will not be pursued. More broadly, the U.S. should seek Russian cooperation in establishing new standards for the security of nuclear weapons and materials, cleaning out weapons material at research reactors in third countries, and strengthening institutions like the Nuclear Suppliers Group.

Finally, U.S. leaders should recognize that economic modernization is Russia's number one national priority that it is likely to remain so for some time, and that a successful relationship must help Russia achieve this goal. This is not a call for charity or foreign aid. Moscow has much to bring to the table as the world's largest producer of energy (oil and gas) and a reservoir of extraordinary scientific and technical talent. The expansion of economic cooperation with Russia can to be one of the most effective means available to build a "positive" constituency for the U.S.-Russian relationship in both Russia and the United States. Accordingly, President Bush should make Russia's removal from the largely symbolic constraints of the Jackson-Vanik Amendment a genuine priority. The administration should also exercise greater leadership in advancing bilateral trade with Russia and remain supportive of Russia's WTO accession process, though the burden is primarily on Moscow in meeting the appropriate criteria. Moreover, if Russia cooperates in stabilizing post-war Iraq, the U.S. should be "imaginative" in honoring Russian interests there.

ADVANCING AMERICAN INTERESTS AND THE U.S.-RUSSIAN RELATIONSHIP

The public reconciliation of Presidents Bush and Putin in St. Petersburg and at the G-8 Summit in Evian may have fostered the impression that all is well in the U.S.-Russian relationship. This is a dangerous impression. The U.S.-Russian dispute over the United Nations Security Council's role in Iraq exposed irritations in the U.S.-Russian relationship and even cracks in its foundation. These problems have yet to be addressed and further attention to the U.S.-Russian relationship is needed.

Of late, nonetheless, there have been some encouraging developments. Russia's collaboration in dealing with North Korea at the recent six-way meeting in Beijing, the firming up of its position toward Iran's nuclear ambitions, and signs of cooperation in post-war Iraq, especially after the bombing of the UN headquarters there, are all illustrative of the difference Moscow can make in the complex and dangerous world of the 21st century. President Bush has said that the destruction of the UN headquarters was a sign that we are in a war between civilization and those who would undermine it; Russia, with its special access in Iraq and in the region, can serve our common interests at a critical moment by joining the United States and the United Kingdom in a concerted effort to limit sharply the future of the most barbaric expressions of Islam. Russia can also assist the U.S. in other key areas.

But advancing American interests in a sustainable manner requires the construction of a U.S.-Russian relationship substantially different from that of the Cold War or even the post-Cold War transition. The possibility of all-out nuclear war has receded as the principal threat to America's well-being. Dangers posed by the new Russia's weakness are slowly subsiding. On the contrary, the role of today's Russia in advancing, retarding, or even endangering American vital interests will be defined largely by the quality of Moscow's cooperation with the United States in combating the "dark side" of globalization: the nexus between terrorism, proliferation and other transnational threats to which September 11 was only an introduction.

Russian President Vladimir Putin's telephone call offering immediate and unconditional assistance to the United States that day had a defining impact on President George W. Bush's personal relationship with the Kremlin leader, sharply accelerating positive developments already underway in the bilateral relationship. Unprecedented cooperation in the destruction of Afghanistan's Taliban regime promised what President Bush called a qualitatively "new strategic partnership." This promise has yet to be realized.

Even before the September 11 attacks, the relationship was changing for the better. Key trends in Russia, its region and the world required a re-examination of the U.S.-Russian relationship and the definition of new American priorities in dealing with Moscow. These trends included:

- considerable political stabilization in Russia after President Vladimir Putin's election in March 2000 that reduced the dangers of disintegration, civil war or a communist/nationalist revanchist regime;
- growing understanding among Russians—intellectually if not emotionally—that their country was no longer a superpower, which made a Russian effort at global competition with the United States much less likely;
- general improvement (with some exceptions) of Russia's relations with its neighbors that made violent interstate conflicts less probable;
- gradual strengthening of the Russian state and of the state's control over the Russian military and Russian nuclear forces. This has reduced the risk of loss of state control over nuclear materials or unauthorized missile launches; and,
- a dramatic economic turnaround, driven largely by high oil prices, that has produced average economic growth of 5% per year over the past four years, large current account surpluses, sharp increases in currency reserves (to nearly \$65 billion), repayment of loans from the International Monetary Fund and, as a result, an end to dependence on handouts from the United States or international financial institutions.

At the same time, U.S. leaders increasingly recognized the emerging, inter-related threats of terrorism and proliferation. Though policy makers and experts had devoted some attention to these issues earlier, the tragic events of September 11 rapidly crystallized American thinking about these threats and transformed the struggle to contain them into the principal aim of American foreign policy. Notwithstanding its diminished status and curtailed ambition, Russia has considerable influence in its neighborhood and a significant voice elsewhere as well. Moscow can contribute importantly to U.S. interests if it chooses to do so. Accordingly Russia can markedly decrease, or increase, the costs of exercising American leadership both directly (by assisting the United States, or not) and indirectly (by abetting those determined to resist, or not).

For this Commission's purposes it is American interests, not the U.S.-Russian relationship *per se*, that are paramount. The relationship should serve U.S. interests—not vice versa. This does not mean that Russian interests are unimportant. Russian cooperation on specific issues will reflect Russian judgment of how these actions affect its interests. Fortunately, Russia's national interests converge with our own interests much more than they diverge. The real interests Russia and America share—including Russia's successful integration into the West as a market-oriented democracy—greatly outweigh the interests that divide us. But since short term interests and narrower political advantage can cloud perceptions, U.S. policy must have a more ambitious objective than simply demonstrating to Moscow how its cooperation with the U.S. advances Russian interests. Wise policy will also seek to create significant equities in Russian society and among leading political forces in cooperative action, which provides the context for managing unavoidable differences on other issues.

Russia Matters

The proper starting point in thinking about American national interests and Russia—or any other country—is the candid question: why does Russia matter? How can Russia affect vital American interests and how much should the United States care about Russia? Where does it rank in the hierarchy of American national interests?

As the Report of the *Commission on American National Interests* (2000) concluded, Russia ranks among the few countries whose actions powerfully affect American vital interests. Why?

- First, Russia is a very large country linking several strategically important regions. By virtue of its size and location, Russia is a key player in Europe as well as the Middle East and Central, South and East Asia. Accordingly, Moscow can substantially contribute to, or detract from, U.S. efforts to deal with such urgent challenges as North Korea and Iran, as well as important longer term problems like Iraq and Afghanistan. In addition, Russia shares the world's longest land border with China, an emerging great power that can have a major impact on both U.S. and Russian interests. The bottom line is that notwithstanding its significant loss of power after the end of the Cold War, Moscow's geopolitical weight still exceeds that of London or Paris.
- Second, as a result of its Soviet legacy, Russia has relationships with and information about countries that remain comparatively inaccessible to the American government, in the Middle East, Central Asia and elsewhere. Russian intelligence and/or leverage in these areas could significantly aid the United States in its efforts to deal with current, emerging and still unforeseen strategic challenges, including in the war on terrorism.
- Third, today and for the foreseeable future Russia's nuclear arsenal will be capable of inflicting vast damage on the United States. Fortunately, the likelihood of such scenarios has declined dramatically since the Cold War. But today and as far as any eye can see the U.S. will have an enduring vital interest in these weapons not being used against America or our allies.
- Fourth, reliable Russian stewardship and control of the largest arsenal of nuclear warheads and stockpile of nuclear materials from which nuclear weapons could be made is essential in combating the threat of "loose nukes." The United States has a vital interest in effective Russian programs to prevent weapons being stolen by criminals, sold to terrorists and used to kill Americans.
- Fifth, Russian stockpiles, technologies and knowledge for creating biological and chemical weapons make cooperation with Moscow very important to U.S. efforts to prevent proliferation of these weapons. Working with Russia may similarly help to prevent states hostile to the United States from obtaining sophisticated conventional weapons systems, such as missiles and submarines.

- Sixth, as the world's largest producer and exporter of hydrocarbons (oil and gas), Russia offers America an opportunity to diversify and increase supplies of non-OPEC, non-Mid-Eastern energy.
- Seventh, as a veto-wielding permanent member of the United Nations Security Council, Russia can substantially ease, or complicate, American attempts to work through the UN and other international institutions to advance other vital and extremely important U.S. interests. In a world in which many are already concerned about the use of U.S. power, this can have a real impact on America's success at providing global leadership. More broadly, a close U.S.-Russian relationship can limit other states' behavior by effectively eliminating Moscow as a potential source of political support.

Iraq and U.S.-Russian Relations

It is evident that differences over Iraq did not rupture the U.S.-Russian relationship. On the contrary, Presidents Bush and Putin had constructive conversations during both their St. Petersburg meeting and the G-8 summit in Evian, France. In fact, Moscow's support of the United Nations Security Council resolution authorizing American-British governance of Iraq and signs of a harder line vis-à-vis Iran and North Korea suggest that cooperation on terrorism and proliferation may improve. Nevertheless, closer cooperation will be required to ensure that U.S. and Russian vital interests are not compromised due to a lack of cohesion in policy.

Notwithstanding these encouraging developments, the lingering resentment on both sides should not be underestimated. More important, many questions about the dispute—why it happened, what it says about America's ability to count on Russian cooperation in related efforts and how similar problems can be avoided or minimized in the future—remain unanswered. The fact that U.S. policy toward Iraq was perhaps the most significant American policy initiative of the last decade makes these questions central to the future of the U.S.-Russian relationship.

Why Russia Opposed the United States

Russia not only refused to support U.S. policy on Iraq but actively opposed it. While we believe that this was a strategic blunder for Moscow, it was also the product of missteps in American policy toward Russia. Understanding the reasons behind the Kremlin's decision—and the American conduct that contributed to it—is essential both to avoid similar problems in the future and to move forward in the U.S.-Russian relationship.

Conversations between Commission members and senior Russian officials, key parliamentarians, business magnates, opinion leaders and analysts suggest several explanations for Russia's eventual position in the Iraq dispute.

First, there were genuine differences between Russian and American interests and perspectives with respect to Saddam Hussein's regime. In contrast to the Taliban in Afghanistan—which Russia viewed as a threat well before the United States saw it as such—Hussein's government in Iraq was simply not seen as a clear and present danger to Russia. Russian officials had few illusions about the nature of Saddam's tyranny and were well aware of its noncompliance with United Nations resolutions, its use of chemical weapons against Iran and the Iraqi people and its financial support for the families of Palestinian suicide bombers. But Moscow's own experiences with Saddam Hussein were quite different from Washington's, and President Putin and his advisors were not persuaded by American public and private presentations about imminent threats from Iraq's weapons of mass destruction, or the necessity for war rather than a continued United Nations process. As a result, Russian officials repeatedly told their counterparts in Washington, including President Bush, that they did not see Iraq as an urgent danger that required immediate military action.

Second, Russia valued (and continues to value) its status as a permanent member of the United Nations Security Council and wants to preserve the UN's role in shaping the world order. Russia's claim to being a major power in the modern world depends on its size, its decreasingly relevant nuclear weapons and its role in the Security Council. All of this almost inherently leads to attempts to restrict America's ability to act unilaterally. Under the circumstances, Moscow's efforts to give United Nations weapons inspectors more time to work in Iraq were based less on faith in the inspectors' effectiveness than on a desire to maintain and enhance the role of the United Nations. Ironically, by overplaying their hands, Russia and France weakened the Security Council rather than strengthening it.

Third, Russian domestic politics played an important part in the Kremlin's calculations. Public opinion polls in Russia regularly demonstrated 80-90% opposition to military action against Saddam Hussein. Opposition was also notable among the foreign policy elite, where nostalgia for Russia's superpower role and a resentful sense of being unappreciated by the United States are particularly strong. This bitterness was visible every day in the Russian media's hostile coverage of the prelude to the war in Iraq and the war itself, which focused almost exclusively on American setbacks and civilian casualties and did so in a very negative tone. (Eventually, after it became apparent just how quickly and effortlessly the United States would destroy Hussein's regime, the Kremlin began to exercise its influence over the Russian media to discourage this kind of reporting.)

President Putin was especially sensitive to public opinion because of Russia's forthcoming parliamentary elections, scheduled for December, and its presidential elections, which are to take place in March 2004. Though few doubt that Mr. Putin will win re-election next year, he and his advisors were determined to avoid allowing the Communist Party to wrap its candidates in the banner of patriotism during the election campaign—and appear to have been concerned that the war in Iraq could have lasted into the fall. A December victory by the Communists could significantly undermine the Russian president's ability to advance his policy agenda and might damage his chances of winning in the first round of balloting (by obtaining the support of a majority of voters)

as well. If a second round of voting were necessary, or even appeared likely to be necessary, the Kremlin could be sorely tempted to guarantee its preferred result through reliance on “administrative resources”—that is, by putting the full power of the Russian state behind Mr. Putin’s campaign. Though the outcome of such efforts would be certain, this course could seriously undermine the legitimacy of Mr. Putin’s victory both at home and abroad.

Nevertheless, Moscow’s position on Iraq was not objectively predetermined; in fact, the Kremlin initially considered tacit acceptance of U.S. plans for Iraq. Russian officials were aware that Boris Yeltsin’s futile opposition to NATO’s 1999 air campaign against Serbia resulted only in highlighting Moscow’s weakness and the United Nations (where Russia could have had a key role) being sidelined by a powerful European mainstream appalled by conditions in Kosovo. To avoid such an outcome in the Iraq debate, the Putin Administration was for a time prepared to balance its misgivings about an American use of force against the risk of isolating itself from the U.S. in a way that would seriously damage improving relations with Washington without actually stopping the war.

The hardening of the Russian position into a decision to oppose the United States was, however, more than just a massive Russian miscalculation. It was also in part a result of three failures in American policy. The first of these was the failure to court Russia aggressively. U.S. officials appeared too optimistic about winning Russian acquiescence due to improving bilateral ties and what was seen as a close personal relationship between Presidents Bush and Putin. Consequently, the Bush Administration devoted insufficient effort to finding a formula to prevent active Russian opposition to U.S. policy. This occurred despite repeated signals from Moscow that such a formula could have been within reach if diplomatic creativity and extra attention were applied to the problem. American officials also seem to have spent notably less time meeting with and telephoning their Russian counterparts than French and German leaders. This facilitated an active Paris-Berlin program to seduce the Kremlin.

The combination of vigorous French and German opposition to U.S. military action and their aggressive efforts to win over Moscow fundamentally altered Russia’s decision calculus in four ways. First, it provided essential political cover vis-à-vis the United States; after all, France and Germany were key American allies in NATO. Second, it sharply escalated the potential domestic political costs of appearing to support the U.S. (even through inaction) as the Kremlin could not afford to look more pro-American, and less courageous, than Paris or Berlin. Third, it created an opportunity for Moscow to “transcend” old Cold War divisions by working together with traditional American allies in an effort to persuade the U.S. either to abandon military action or to delay it sufficiently to give the war a UN/Russian stamp. Finally, Moscow took it as a sign that some governments were more interested in close relations with Russia—and might have more similar objectives—than America.

Russian officials appeared to comprehend the possible consequences of their actions for the U.S.-Russian relationship and signaled on a number of early occasions that while

Moscow would not support the war, neither would they oppose it actively. This also changed, however, in the face of frequent telephone calls from President Chirac and Chancellor Schroeder to President Putin and analogous conversations between their subordinates. At the same time, the Kremlin did not seem to understand why the Bush Administration was so much more eager to accommodate British Prime Minister Tony Blair's preference for a clearly-worded new Security Council resolution at the expense of their own preference for no resolution or, if necessary, a vague resolution subject to various interpretations. Ultimately, Russia vigorously opposed a U.S.-led war and Russian rhetoric in the dispute differed little from that offered by France and Germany.

The second problem was the slow deepening of U.S.-Russian relationship, and thus the absence of equities that would have encouraged Moscow to accommodate American preferences. In fact, resentment of the "one-sided" U.S.-Russian relationship remains widespread among Russia's foreign policy establishment. Russia's foreign policy community was bitter at being forced to accommodate NATO enlargement, U.S. withdrawal from the Anti-Ballistic Missile Treaty and American military bases in formerly Soviet Central Asia. Despite its negligible impact on bilateral trade, the continued existence of the Jackson-Vanik Amendment (which both President Clinton and President Bush had promised to lobby the Congress to repeal) has grown to symbolize how little the administration is prepared to do for Russia in Russian eyes.

Of course, while the U.S.-Russian relationship has clearly not lived up to Russian expectations, Russian frustration with a "one-sided" relationship is simply not fair. The swift and (from a Russian perspective) almost cost-free destruction of Afghanistan's Taliban regime was a big plus for Moscow, which had long been troubled by its support for Islamic extremism and lacked the resources and tools to address the problem effectively. Relatedly, the Bush Administration accepted Russian claims of al Qaeda involvement in Chechnya and reversed Clinton Administration policies on Russia's intervention by demonstrating considerably greater understanding of the Russian predicament there, pressuring Georgia to tighten its border with Chechnya and drive Chechen militants from the Pankisi Gorge region, and taking steps to block outside financial support of Chechen rebel groups. And after Moscow's October 2002 hostage crisis, the Bush Administration stopped recommending Chechen President Aslan Maskhadov as an appropriate interlocutor for ending the conflict. Finally, without delving into the contentious history of the bilateral relationship during the Clinton-Yeltsin years, Washington did make a special effort to assist Russia during that period both directly and through its influence over the International Monetary Fund. The ultimate benefits of the loans from the IMF are still subject to debate—and their evaluation is colored substantially by negative Russian views of Yeltsin's legacy—but it does belie the notion that America has done nothing for Moscow.

Even on the issues where Russia has particular grievances, the Bush Administration has taken important steps to develop benefits for Moscow. For example, the administration pressed for more meaningful cooperation through the new NATO-Russia Council and has launched and supported an Energy Dialogue bringing together key American and Russian companies. Nevertheless, President Bush's personal cultivation of President Putin has

sometimes been undermined by the imperious conduct of other administration officials, who have on occasion displayed what can only be described as an “in your face” attitude toward their Russian counterparts. There have been too many such instances for comfort.

The endurance of what Russian critics call “complexes”—attitudes of resentment and suspicion that are both holdovers from the Cold War and new products of Russia’s huge decline in absolute and relative power—are one of the special challenges of the U.S.-Russian relationship. Russian complexes about the U.S.-Russian relationship can distort Moscow’s perceptions of American actions in a variety of ways and must be understood if the United States is to work most effectively with Russia. However, the United States should not attempt to “solve” the problem of Russian complexes with concessions injurious to our interests. In addition to undermining U.S. objectives, this could ironically reinforce some Russian complexes by encouraging false impressions of Moscow’s leverage. The failure to adequately manage these complexes has contributed to the differing U.S. and Russian views of the lopsidedness of the relationship by strengthening Russian mistrust of American intentions.

American policymaking toward Russia must also recognize that Russian leaders and elites share with other countries a genuine apprehension about the magnitude of American power relative to other actors. Russia is likewise concerned by America’s lack of accountability to anyone other than its leaders and voters, and in the case of some important dimensions of “soft” power in economics and culture, not even to them. These apprehensions need to be heard, understood, where possible addressed by genuine efforts to draw international legitimacy to our actions, and where necessary met head-on by our best arguments as to why the gravity of our interests requires unilateral action. Ultimately, however, the U.S. must help Russians to understand that overcoming their complexes (and forgoing some of the complaints they produce) will be necessary to developing a productive relationship with America. Many in Russia’s elite already acknowledge that it is unrealistic to expect symmetry in a relationship that is no longer symmetrical.

The third weakness of the Bush Administration’s policy toward Russia has been a failure to define priorities or, more precisely, to pursue them in a disciplined and coherent manner. The Bush Administration has been more effective than the Clinton Administration in establishing and sticking to a hierarchy of U.S. interests vis-à-vis Moscow, but U.S. officials often still appear to be working at cross-purposes in their dealings with Russia.

The State Department’s excessive promotion of GUUAM—a multilateral regional organization composed of Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova and originally founded to oppose Russia—is one example of misplaced priorities. Even as the White House seeks strategic partnership with Moscow, the State Department has been discouraging disaffected members of GUUAM from leaving the group and is providing it with substantial financial assistance. It is one thing to support the aspirations of GUUAM governments to establish a regional organization; it is another matter entirely to pressure some of the governments to remain in a group that they do not appear to

believe serves their interests. The latter action gratuitously irritates Russian officials and provokes Russians concerned about U.S. intentions in the former Soviet Union while buying the United States very little in return. The origins of American interest in GUUAM were tightly linked to concern over pipeline routes through the region that has now largely been overtaken by events.

Similarly, despite efforts by Georgia's President Eduard Shevardnadze, the United States should not allow itself to be drawn into the Georgian-Russian debate over Abkhazia. Moscow's official position on the matter, stated recently by President Putin, stresses maintaining Georgia's territorial integrity and protecting the rights of the Abkhaz within it. The Abkhaz do not want to remain within Georgia, however, and the issue is complex and sensitive. Washington should state the obvious—that it favors a peaceful resolution to the dispute that reduces tension in the region—and should be careful in proceeding further unless circumstances change.

Understanding Russian priorities is also important. Oil contracts in Iraq and nuclear cooperation with Iran are clearly important to Moscow. But neither reaches the level of Russian concern about the former Soviet space—particularly in Ukraine, which is historically closest to Russia and has a large ethnic Russian minority, and in the unstable new states of the Caucasus and Central Asia. Though Russian sensitivities here are undoubtedly fueled in part by nostalgia, most of the region does border Russia directly. The United States should be prepared to do whatever it must there, regardless of Russian views, if it should become necessary to safeguard American vital interests. But the U.S. interest in the existence or demise of GUUAM as an institution hardly seems vital. Efforts to keep the group together against the apparent will of some of its members exact a cost in the U.S.-Russian relationship that could affect more substantial interests, in part by reinforcing the worst instincts of some of those in Russia's military and security services upon whom effective cooperation in part depends. Russian officials themselves have indicated that the irritation resulting from this and other U.S. actions on Russia's southern periphery limited their willingness to accommodate Washington on Iraq.

Moving Forward

Russian officials must understand that obstructionist conduct on matters that have been identified as key U.S. priorities is not cost-free. The collision over Iraq was not so severe as to become a roadblock to working with Russia in pursuit of American interests; yet, it should not be dismissed as insignificant or excused as accidental. Whether or not the formulation “punish France, ignore Germany, forgive Russia” was actually uttered by a U.S. official, it has been embraced by Russia's foreign policy establishment—and the Russian media—and has contributed to precisely this impression. The sense that good relations with Russia are of such overriding importance to Washington that the U.S. will repeatedly ignore active opposition to its policy in areas of great concern—especially when it coexists with a view that there is not much to gain from being responsive to Washington—will only encourage uncooperative behavior and will ultimately make partnership impossible.

In the specific dispute over Iraq, fence-mending is underway and the time for demonstrative action may have passed. Nevertheless, the Bush Administration would do well to convey repeatedly to Russian officials, at all levels, that United States has been making a special effort to develop closer relations with Russia, that Moscow's position on Iraq was not appreciated, and that similar action in the future could impose considerable costs politically, economically and even in public opinion. Russia's opposition over Iraq has definitely registered in Congress, without which many important initiatives cannot succeed. More generally, Moscow must not be allowed to have any illusions about the consequences of new instances of defiance.

One repetition of the Iraq experience would notably damage the U.S.-Russian relationship; two or three such cases could fundamentally alter its character. The administration should explain in this context that while the U.S. is prepared to be sensitive to Russian domestic politics as the bilateral relationship evolves, Russian leaders should also understand American domestic politics and its potential impact on ties to their country.

Policy Recommendations

More generally, the disagreement between Washington and Moscow demonstrates the importance of reviewing the U.S.-Russian relationship and developing more reliable means to advance American interests within it and through it.

First, this requires a new look at the process of the relationship, especially the format and style of communications with Russia. As the disagreement over Iraq clearly illustrated, there is considerable room for improvement in communications between Washington and Moscow. And while effective communication is not in itself sufficient to build a closer and more durable U.S.-Russian relationship, it is certainly a necessary component of such an effort.

On substance, the U.S.-Russian relationship has quite simply failed thus far to address fully those vital U.S. interests in which Russia can make a real difference. The twin dangers of terrorism and proliferation remain as urgent as ever, but bilateral cooperation in fighting them had not reached its full potential even before the dispute over war in Iraq.

Similarly, U.S.-Russian economic cooperation has also been insufficient. The potential benefits of closer economic ties are of greater relative importance to Moscow than to Washington because of their proportional contribution to Russia's much smaller economy. Still, meaningful joint work could benefit the United States in specific areas. More extensive economic contacts would also help to stabilize the relationship, by giving Russia more of a stake in the relationship and expanding the still-limited constituencies for engagement in each country. Finally, precisely because Russia's domestic transformation has been one of its government's highest priorities, a demonstrable American contribution to that process could facilitate favorable Russian attention to U.S. security objectives.

Improved Communication

Improved communication with Russia's government, its political class, and its public is perhaps the most important procedural step that can be taken to improve U.S.-Russian ties and could help to prevent future flare-ups like that over Iraq. Needless to say, better communication is not a panacea: it can limit misunderstandings and minimize and compartmentalize differences, but it does not inherently resolve important disagreements. Still, better communication could improve not only government-to-government ties, but also society-to-society understanding. Ideally, improvements in these two areas would become mutually reinforcing.

Government-to-government communication between the United States and Russia is complicated by Russia's fragmented decision-making processes and the differences between government structures in the two countries. For example, although Russia has a Security Council chaired by President Putin, there is no American-style National Security Council system to structure decisions and ensure effective two-way communication

between Russia's Presidential Administration and the rest of its executive branch both before and after decisions have been made. In contrast, many key decisions are made informally by the Russian president and his close advisors. As a result, there is often no substitute for direct communication with the Kremlin.

The United States should also think more strategically about official communications with Russia. Aside from a few specific cases directly involving key issues in bilateral relations—such as the Bush Administration's decision to withdraw from the Anti-Ballistic Missile Treaty—the U.S. has rarely engaged in advance consultation with Moscow on important policy initiatives. In fact, Russian officials complain that they hear about new policies after not only NATO allies are briefed, but also after they appear in the media. The administration's Proliferation Security Initiative, announced by President Bush in Krakow (on the way to seeing President Putin in St. Petersburg) in June 2003, has been cited as a particular example with the added complaint that Moscow was not invited to send a delegation to a Madrid gathering on counter-proliferation strategy held after Mr. Bush's speech.¹

Broader societal contacts are no less complex or sensitive, in large part because they can lend unwelcome emphasis to the considerable asymmetries between the United States and Russia. The problem is that with the exception of a few Russian tycoons (particularly those in the energy sector), Russia's political and business elites tend to feel neglected and under-appreciated by the United States. For example, Russian parliamentarians in the State Duma and the Federation Council have tried in vain several times to arrange systematic exchange programs with their American counterparts. At the same time, interest in regular dialogue programs with Russian opinion leaders and specialists has declined significantly over the years due to a combination of Russia's reduced status and decreased foundation support for such efforts. This sense of under-appreciation is to an extent inevitable due to America's considerable power and it is not limited to Russia; nevertheless, it can be more effectively managed.

Thus, although there are logical and appropriate reasons for the asymmetry in American and Russian interest in one another, paying a little extra attention to Russia is a small price to pay to facilitate cooperation in view of Russia's crucial geopolitical role. Private dialogue programs are especially useful in a relationship like that between the United States and Russia, in which "complexes" and differing perceptions continue to complicate official contacts. They allow for broader, deeper and more frank exchanges than are possible between government officials and—with support from governments—can bring the insights generated into the policy process. Needless to say, such efforts must be structured carefully by their private sponsors to produce valuable interactions rather than empty diatribes.

Nevertheless, it is crucial to approach both public and private diplomacy with a sense of realism. There are genuine differences between the American and Russian perspectives and within those perspectives. Russia's new stability and its improving financial health

¹ The meeting included representatives from eleven countries, including several NATO members (among them France and Germany) as well as Japan and Australia.

after the August 1998 default have created a new dynamic in the U.S.-Russian relationship. Russians no longer seek economic, political and moral guidance from the outside world; they now expect to be treated with a certain respect—even when their country is a junior partner. Papering over bilateral (or internal) differences to produce watered-down consensus recommendations will not advance the U.S.-Russian relationship. No one should be under the illusion that better communication will magically resolve significant disputes—especially when the parties to the disagreement are an increasingly activist superpower unlikely to accept international limitations on matters of substantial importance and a nostalgic former superpower reluctant to accept status as a regional player at best. Skillful diplomacy can manage our differences, and allow us to work together despite them, but it cannot entirely eliminate the gap in perspectives.

In this spirit, the following steps could appreciably improve not only communication but cooperation between the United States and Russia:

- *Regular contacts focused on the presidential administration when key priorities are at stake.* The U.S. has to be careful going directly to the Kremlin staff—to avoid appearing to micromanage Russian decisions, alienating senior officials who sit atop routine communication channels, or seeming to favor particular individuals. But it must have the capacity do so when vital or extremely important U.S. interests are at issue, particularly if time is short. Style and process are important here as well as substance. Needless to say, the objective is to advance American goals rather than establishing “good” contacts for their own sake.
- *Improved working-level contacts between U.S. and Russian government agencies.* Senior officials in both countries have complained regularly that even minor issues often cannot be resolved without attention from the White House and/or Kremlin and some have suggested that the two countries’ bureaucracies have lost confidence in one another. Various formats are appropriate for working-level contacts. The key is to establish more effective working relationships between officials across the broad spectrum of relevant agencies in each government. Taking into account the residual distrust existing in many agencies, a short-term exchange program that gave working-level officials a type of observer status in their counterpart agencies could help to jump-start the personal relationships essential for cooperation. Obviously decisions should be made carefully and creatively on a case-by-case basis to protect sensitive information and to avoid unnecessarily alienating other allies and partners.
- *Early consultation with Moscow.* While it may be appropriate to delay consultations with Russian officials in some cases or even skip them altogether, the way that many such discussions are conducted (or not conducted) often seems to be driven more by habit than by logic. The United States does not have the same formal relationship with Russia that it enjoys with NATO members, for example. But the Kremlin certainly has a greater ability to contribute to American counter-terrorism and counter-proliferation objectives than most NATO members. If Washington is serious about engaging Russia in those efforts, U.S.

officials should work aggressively to bring Russia on board—and should not wait until all NATO members have been informed in order to do so. U.S. plans to move forces, bases and other facilities eastward within NATO and U.S. intentions in Central Asia would be appropriate topics for near-term discussion, perhaps in the former case in the NATO-Russia Council. However, U.S. officials should make clear in any advance consultations that Washington is attempting increased consultation on an experimental basis, that any information disclosed must be treated as confidential, and that early consultation could not continue if information obtained by Russia were leaked or otherwise used to political advantage.

- *Facilitation of private dialogue programs.* Asymmetry in the U.S.-Russian relationship has made it difficult for private Russian groups—including parliamentarians and business leaders—to have access to senior American officials. However, because of the unusual importance of top-level access in Russia (where staff or mid-level officials are often not involved in decision-making on major issues), Russian groups attach particular importance to this kind of access. Under the circumstances, presidential leadership—exercised in the form of encouragement and attention, rather than direction—is essential to ensuring that such programs are successful. We have been assured that if offered by Washington, such leadership will be gladly reciprocated in Moscow. Still, excessive government involvement in either country could also undermine the utility of private groups. Non-governmental dialogue programs must be truly independent and—while understanding the political realities of the relationship—isolated from political processes. Otherwise, they may become a focus of internal competition rather than bilateral dialogue.
- *Efforts to streamline visa procedures for Russians seeking to visit the United States.* Increased security measures are necessary and appropriate after September 11, but they have worsened already serious problems. The current system limits communication and alienates Russians frustrated by long delays and what seem to be unduly frequent visa denials. This has affected not only ordinary Russians attempting to visit relatives or seek medical treatment, but also government officials, parliamentarians and academics. The U.S. should devote additional resources and creativity to improving visa processing for Russian travelers.

War on Terrorism

President Bush has correctly identified terrorism and the nexus of terrorism and weapons of mass destruction as the most serious security threat the U.S. faces today. His administration's "Strategy to Combat Weapons of Mass Destruction" warns that, "*we will not permit* the world's most dangerous regimes and terrorists to threaten us with the world's most destructive weapons" (emphasis added). Fulfilling this commitment has become the organizing principle for America's foreign policy. Addressing this threat requires not simply a strong coalition of the willing, but a structure in which Russia plays a leading cooperative role in fighting the War on Terrorism and proliferation.

In declaring a “War on Terrorism” the Bush Administration underscored a major shift in the post Cold War international order. The United Nations declared war on terrorists with global reach. Nations of the civilized world undertook affirmative obligations to share intelligence, cooperate in law enforcement, and cut terrorist finances. U.S. military action toppled the Taliban in Afghanistan and initiated a worldwide war to destroy al Qaeda. The United States announced a new “doctrine of preemption” according to which it will not just respond to attacks or wait for certain threats to mature, but will act in advance of such developments to prevent unacceptable emerging threats. (Though Iraq was of course a case of unfinished business rather than preemption.)

September 11, 2001 and the subsequent War on Terrorism also became a defining feature of the Bush-Putin relationship, providing the foundation for initiatives to build what President Bush called a qualitatively “new strategic relationship.” Thanks to the Cold War hotline, President Putin was the first foreign leader to speak with the U.S. president following the terrorist attacks, a gesture Bush has not forgotten. Over the objection of his closest military and defense advisors, and the Russian political elite, Mr. Putin decided to provide full support to the United States. This was announced just two weeks after the September 11 attacks and included Russian offers to share intelligence, to open Russian airspace for humanitarian missions, to encourage Central Asian states to open their airspace, to participate in international search and rescue efforts, and to increase direct military assistance to the Northern Alliance (with which Moscow had a long relationship).

While perplexing to the Russian political elite, President Putin’s assistance was in clear harmony with Russia’s own security agenda. Not since the war against Hitler’s Germany had U.S. and Russian interests been so closely aligned. In large part due to the involvement of international Islamic extremists in the war in Chechnya, Russia had long viewed Islamist terrorism as its most immediate security threat. The Putin government’s formal “National Security Concept,” “Military Doctrine,” and “Foreign Policy Concept” demonstrate this. Russia had tried to persuade the U.S. to focus attention on this threat during the Clinton Administration and even suggested the exploration of joint military actions. As Putin noted in an interview in September 2001, “I did negotiate with the previous U.S. administration, telling its officials about the problem being posed by Osama bin Laden. I was surprised by the U.S. administration’s reaction. The U.S. side kept gesturing helplessly and saying that it could do nothing about the Taliban.”

As senior Bush Administration officials have stated, Russian cooperation in arming and supplying the Northern Alliance and sharing intelligence contributed seriously to the rapid victory of American forces over the Taliban. And though not widely acknowledged in Russian political circles, the U.S. success in Afghanistan made an important contribution to Russian security interests. Unlike the Clinton Administration, the Bush Administration has been willing to acknowledge forthrightly that al Qaeda fighters and funds have played a role in fueling the second Chechen war, has taken the significant step in placing three Chechen groups on its list of “established global terrorists,” and supports efforts for inclusion of these groups on the United Nations sanctions committee’s list of terrorist organizations.

Differing American and Russian views of terrorism have been one of the principal problems in developing a joint counter-terrorism strategy. While U.S. officials are primarily concerned with international terrorism, Russian leaders are more troubled by separatist terrorism that could destabilize neighboring governments—or even regions within Russia—and threaten their country's territorial integrity. Nevertheless, links between al Qaeda and Chechen rebel groups, and statements by some Chechen leaders that encourage attacks on Americans, do show that we face some of the same enemies (though for different reasons).

And, in fact, the U.S. and Russia have recognized the value of their cooperation and have taken steps to further advance it. For example, the U.S.-Russia Working Group on Afghanistan headed by Deputy Secretary of State Richard Armitage and Deputy Foreign Minister Vyacheslav Trubnikov has been upgraded to become the U.S.-Russian Working Group on Counterterrorism. The NATO-Russia Council, established in May 2002, is also an instrument for deepening cooperation against terror. The August arrest (with Russian help) of individuals seeking to smuggle a Russian-made shoulder-fired surface-to-air missile into the United States demonstrates the practical value of anti-terrorism cooperation. Building on these successes, there is still more that can be done. Initiatives to that end include:

- *Appropriate changes in regulations or structures that unduly limit intelligence sharing.* The difference between genuine and *pro forma* intelligence sharing can be the difference between successful and unsuccessful attacks against Americans. While it is very important to be mindful of both sides' concerns for their sources and methods, streamlined procedures could facilitate meaningful cooperation. Some unfortunate experiences in the past, particularly on the U.S. side, have curtailed interest in such efforts; however, as cooperation in Afghanistan showed, U.S.-Russian intelligence sharing can be one of the relationship's most valuable assets.
- *A joint U.S.-Russian threat assessment of terrorism and the formulation of a shared strategy to combat it.* This should include joint training and exercises as well as joint planning of specific actions, particularly against al Qaeda and other allied terrorist groups in Central Asia and the Caucasus including in Georgia's Pankisi Gorge and in Uzbekistan. This agreement should seek to broaden the anti-terrorist mandate to bolster efforts to counter Islamic extremism. Russia remains genuinely concerned about its own Muslim population and the spread of radical Islam along its southern border.
- *Efforts to address practical terrorism concerns.* A U.S. commitment to greater assistance in combating terrorism in Chechnya, including intelligence-sharing, additional measures to block terrorist funding, and a stepped-up American effort to encourage Georgia's cooperation in return for serious Russian assistance in cutting off terrorist groups active in the Middle East, including real pressure on Iran to end its support for Hamas, Hizbollah and Islamic Jihad. Although these two issues are not directly related, they represent serious terrorism problems for the United States and Russia and could be informally linked. The administration may face some criticism for assisting Russia with Chechnya, but the possibility of reducing terrorism in the

Middle East and influencing Iran's support for terrorism could justify appropriate cooperation—especially if senior U.S. officials also emphasize publicly and privately to the Kremlin that Russian brutality in Chechnya not only affects American attitudes towards the U.S.-Russian relationship, but is believed by many to be operationally counterproductive.

- *Creation and implementation of joint plans, together with other regional states, to secure Central Asian borders.* This should be a component of a broader cooperative effort to combat the dramatic growth in drug trafficking since the American destruction of the Taliban regime, which had kept opium production in check. Widespread drug trafficking in Central Asia undermines international efforts to stabilize Afghanistan and American efforts to prevent the reconstitution of the Taliban and the denial of Afghanistan as a potential base for terrorist groups. Drugs also threaten Russian security and well-being as well as providing revenue to terrorist organizations and contributing to a lawless environment in which such organizations thrive. Of course, any such effort must be undertaken with due sensitivity to Central Asian governments.
- *Clarification and indeed adjustment of U.S. interests, intentions, and activities in post-Soviet space.* U.S. conduct in this area has an impact on Russia's understanding of its role as a regional power. American policymakers have consistently underestimated the degree to which their presence and activities in countries near Russia's border influence Russian views of U.S. power, credibility and objectives. Support for the independence and integrity of these states is important, but Washington must avoid contributing to the impression that its purpose is to encircle Russia or limit its ability to exercise legitimate influence for appropriate purposes. The U.S. should explain more fully how military operations in Central Asia are suppressing terrorist threats in ways that benefit Russia as well as the world, and communicate more persuasively its previous statements that it is not seeking a permanent military presence that could threaten Russia.

Non-proliferation and Mega-terrorism

September 11 not only demonstrated the magnitude of the global terrorist threat. It also offered a glimpse of the danger of mega-terrorism. An international order in which the United States could suffer a nuclear 9/11—indeed a series of nuclear 9/11s—would threaten the endurance of the U.S. as a free nation with our fundamental institutions and values intact.

Success in preventing the spread of weapons of mass destruction will require deeper and broader cooperation between Russia and the U.S. At their most recent meeting, Presidents Bush and Putin reaffirmed their determination to “intensify efforts to confront the global threats of terrorism, and the proliferation of weapons of mass destruction and their means of delivery.” U.S.-Russian joint statements have also promised to “seek broad international support for a strategy of proactive non-proliferation, including by implementing and bolstering the Treaty on the Non-Proliferation of Nuclear Weapons and the conventions on the prohibition of chemical and biological weapons.”

Many nations have followed the U.S.-Russian lead around this organizing principle. This is evidenced in particular in the announcement at the G-8 Summit in 2002 of a Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, which was reaffirmed in Evian in 2003. Similarly, the NATO-Russia Council's agenda includes both non-proliferation and counter-terrorism as key objectives.

The U.S. and Russia should take the lead in creating an Alliance Against Nuclear Terrorism that addresses: (1) nuclear aspirants, specifically North Korea and Iran; (2) "loose nukes" (theft of weapons or materials from which weapons could be made and their transfer to terrorists); and (3) the non-proliferation regime (by which most nations have declared unilaterally that they will not acquire nuclear weapons). The mission of this new Alliance should be to minimize the risks of nuclear terrorism by taking every sensible action that is physically and technically possible to prevent nuclear weapons (or materials from which weapons can be made) from being stolen and sold to terrorists.

In dealing with states seeking nuclear weapons, such as North Korea and Iran, the Alliance must craft policy in specific terms for each case. However, there are several essential elements that must be considered:

- *A joint proliferation threat assessment, enhanced by improvements in intelligence sharing similar to those described as appropriate in U.S.-Russian discussions of terrorism.*
- *Efforts to solicit Russian support in preventing the emergence of new nuclear-armed states, particularly in view of Moscow's new involvement in six-party talks on North Korea.* This should include intensified efforts at diplomacy and the understanding that if diplomacy fails, other means may become necessary. Washington should make clear that a cooperative Russian approach could actually increase Moscow's role by encouraging the U.S. to involve Russia more closely in finding solutions.
- *A coordinated strategy to implement this consensus including the full panoply of instruments, from diplomacy to sanctions to blockades and ultimately, military action.*
- *A clear statement that if non-proliferation measures are successful and if North Korea and Iran comply, regime change will not be pursued.* This will be essential to engaging not only Russia, but also other key countries, as it both creates an incentive for cooperation (avoiding unilateral U.S. efforts at regime change) and establishes an achievable goal (non-proliferation rather than complex and costly social transformation).
- *Involvement of other relevant international parties.* Support for the emerging "no new nukes" doctrine is evident in the 2003 G-8 Summit Declaration on the Non-Proliferation of Weapons of Mass Destruction, which states, "We strongly urge North Korea to visibly, verifiably and irreversibly dismantle any nuclear weapons programs, a fundamental step to facilitate a comprehensive and peaceful solution," and "We will not ignore the proliferation implications of Iran's advanced nuclear program."

Despite broad U.S.-Russian agreement that a nuclear-armed North Korea is very undesirable, Washington and Moscow have yet to harmonize their approaches to the problem. Although the Bush Administration is confident that Pyongyang may have a

small number of nuclear warheads, Russian officials continue to express some skepticism that North Korea has a sufficient technological base to produce an explosive device and dismiss North Korean claims to the contrary. Better intelligence sharing and a commitment to forgo regime change if North Korea disarms—coupled with clear communication that the alternative could be military action—could move Moscow closer to the U.S. position.

Concerning Iran, the International Atomic Energy Agency's reprimand of Iran will challenge Russia's seriousness about continuing peaceful nuclear cooperation with Iran. In addition to refusing to provide the fuel for the power station it is constructing at Bushehr without a firm commitment to return the fuel to Russia (the Putin government's current position), Moscow should freeze all nuclear cooperation with Iran if Tehran does not sign the Additional Protocol to the NPT.

More broadly, however, Bushehr is a secondary concern to Iran's overall nuclear programs. Iranian attempts to develop the capability to enrich uranium also weaken Russia's long-term incentives for continuing to work with Iran. The U.S. might find it more successful to shift some of the focus from Bushehr to those other efforts while working cooperatively with Russia to develop its spent fuel market. The development of alternative economic incentives for the Russian Ministry of Atomic Energy, such as possible joint ventures with relevant American organizations, could provide a powerful incentive to discourage further nuclear cooperation with Iran, including the construction of additional reactors at Bushehr or elsewhere.

Evident progress on these fronts has been made in recent meetings, including at the summit level. Despite Russian frustration at having been surprised by the announcement, the Proliferation Security Initiative is likely to strengthen joint efforts to prevent the transport of destructive technologies. G-8 leaders have demonstrated their commitment to concrete support as well, including by declaring "a range of tools available to tackle this threat: international treaty regimes; inspection mechanisms such as those of the IAEA and Organization for the Prohibition of Chemical Weapons; initiatives to eliminate WMD stocks such as the G-8 Global Partnership; national and internationally-coordinated export controls; international co-operation and diplomatic efforts; and if necessary other measures in accordance with international law."

Concrete actions continue to provide proof that U.S.-Russian cooperation for containing "loose nukes" enhances U.S. security against nuclear terrorism. Possibilities to strengthen this layer of security through a U.S.-Russian-led Alliance Against Nuclear Terrorism include:

- *Articulation of a bright line prohibiting production of "nascent nukes"—highly enriched uranium or plutonium from which nuclear weapons can be made—beyond which joint covert action and ultimately military action would be threatened.* North Korea could be the defining example by enlisting Russia and then China.
- *Reengineering Cooperative Threat Reduction (Nunn-Lugar) and the G-8 10-10-10 Global Partnership to establish a new "International Security Standard" that will be*

met transparently by both the U.S. and Russia as a model that all states with nuclear weapons or materials would be required to satisfy in a certifiable fashion. This Standard will ensure that all weapons and materials must be secured to a level that is adequate for U.S. and Russian security interests.

- *Global cleanout of weapons material left in other countries at research reactors by assertion of American or Russian ownership rights over fuel, and fast-track extraction of these potential nuclear weapons from Ukraine, Uzbekistan, Ghana, Libya and other countries.*

The most important contribution that the U.S. and Russia could make to strengthen their own security through the support of the non-proliferation regime will be to prevent the emergence of new nuclear states, starting with North Korea. Joint U.S.-Russian actions to address nuclear aspirant states and loose nukes provide ongoing reinforcement to the non-proliferation regime at multiple levels. Additional initiatives to further bolster the non-proliferation regime include:

- *Invigoration of the NATO-Russia Council by focusing on counter-terrorism including WMD proliferation.*
- *Negotiating a Fissile Material Cut-Off Treaty; Strengthening the Nuclear Suppliers Group and Zangger Committee.*

The United States could also accelerate efforts to cooperate with Moscow in developing missile defense. Such cooperation could have useful benefits beyond its narrow security applications, for example, in bringing Russia's defense complex into the U.S.-Russian relationship in a productive way and in creating alternatives for Russian defense enterprises seeking to market their products to customers viewed as troubling by Washington.

Economic Cooperation

Political stability aside, economic development is Russia's number one national priority and is likely to remain so for some time. If U.S. leaders want to develop a close, productive and sustainable relationship with Russia, that relationship must address not only American but also Russian priorities. Taking into account that there are considerable opportunities for mutual benefit, expanded economic cooperation offers an excellent avenue to be responsive to Russian interests at little or no cost—and very likely some gain.

In fact, the more successful Washington is in promoting U.S.-Russian commercial ties, the more attractive the overall relationship will be for Moscow. This has implications not only for the Kremlin's willingness to accommodate the United States in other areas, but also its domestic political calculations of the costs and benefits of doing so. Therefore the United States has not only an economic but also a strategic interest in improved economic cooperation with Russia.

Prospects for such cooperation with Russia are often downplayed on the basis that Russia's economy is comparable in size to that of the Netherlands. While this comparison may be accurate on the basis of existing statistics, it misses several important points. First, current statistics on the Russian economy substantially and systematically underestimate its size. There are several reasons for this; one of the most notable is that Russian companies still conceal much of their production to avoid paying taxes.

Second, Russia's economy is enjoying a period of rapid growth. Much recent growth can be attributed to high oil prices. But a top IMF official has declared President Putin's goal of doubling Russia's gross domestic product in the decade ahead "wholly achievable" if Russia makes necessary structural reforms.

Third, Russia's economy includes several key sectors—such as energy and potentially aerospace—that guarantee the country a seat at the table as a global player. Russia is very unlikely to unseat Saudi Arabia as the "swing producer" of oil in international markets, but its production decisions have a major impact that OPEC does not ignore. And, while new infrastructure would be necessary, Russia could provide a noticeable share of American oil and gas imports. At the same time, broader economic development could reduce Russian reliance on transactions that concern the U.S, like arms exports and technology sales.

Fourth, expanding economic cooperation with Russia is likely to be one of the most effective means available to build a "positive" constituency for the U.S.-Russian relationship in each country. In the United States in particular, the principal constituencies interested in Russian affairs—the non-proliferation community on one hand and ethnic lobbies and human rights groups on the other—tend to be "negative," in that they are generally dissatisfied with Russian behavior and work to encourage U.S. pressure on Moscow in their respective areas of interest. The main supporter of good relations with Moscow during the Cold War, the peace lobby, has disappeared. A "positive" constituency of businesses working with Russia would help to balance American domestic inputs in the policy process and stabilize the U.S.-Russian relationship. Needless to say, a "positive" Russian constituency favoring closer ties to America would likewise benefit the U.S.

During much of the last ten years, Russia's economy has been a mixed bag, beset by contradictory trends. BP's \$6.15 billion investment in the Russian oil company TNK seemed to demonstrate both a new Western willingness to invest in Russia and a new Russian willingness to cede management control to Western firms. Yet, not long afterward, Russian law enforcement agencies seem to be applying heavy pressure to Yukos, Russia's largest oil producer, for predominantly political reasons. Needless to say, this has raised serious concerns among many American (and other foreign) investors.

Moscow also has a long road ahead in modernizing Russia's economy. The Kremlin has made good progress in some areas, such as the new tax code and land code, but has yet to address the politically thorny restructuring of Russia's housing and utilities sectors. And

the legal system still leaves much to be desired in its limited protections for minority investors and unreliable dispute resolution mechanisms.

Nevertheless, promoting U.S.-Russian economic cooperation should be an important U.S. priority. The following measures could be helpful:

- *If American officials want Moscow to take U.S. commitments seriously, President Bush should make Russia's removal from the constraints of the Jackson-Vanik Amendment a genuine priority and the Bush Administration must press the Congress hard finally to graduate Russia from Jackson-Vanik.* Russian officials state that it does not have a discernable impact on trade, but it does have a negative impact on political relations and on the climate of bilateral economic discussions. More broadly, both the Clinton and the Bush Administrations repeatedly promised action on the measure and neither has delivered. In fact, the U.S. has continued to attempt to use Jackson-Vanik as leverage in other discussions with Russia. What has already been promised should not be linked to other issues.
- *The President, the Secretary of Commerce and other senior officials should exercise greater leadership in advancing bilateral trade with Russia, including through high-level trade delegations.*
- *The U.S. should continue to remain supportive of Russia's WTO accession process, though the burden is primarily on Moscow in meeting the appropriate criteria.* At the same time, the Bush Administration should press the Russian government and take necessary steps in the United States to establish greater fairness and reciprocity in market access for both countries.
- *Provided that Russia cooperates in Iraq's reconstruction, the U.S. should encourage the emerging Iraqi government to take a favorable look at oil contracts with Russia that are consistent with international law and make sense for Iraq.*

Engaging Russia Today

Many of the proposals in this report will not be easy to implement, particularly as Russia and the United States approach their national elections and domestic issues take center stage in each country. But international terrorists and would-be proliferators are unlikely to adjust their schedules to accommodate American or Russian politicians. Planning for a nuclear 9/11 could already be underway—and Russian cooperation could be decisive in uncovering and stopping such a plot. Building a strong relationship with Russia to fight terrorism and proliferation must be a top priority of American foreign policy.

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